

*Ont. [Commissions and Committees of Inquiry]*



*Commission on the  
Legislature on the Legislature.*

Commissioners  
DALTON CAMP  
Chairman  
DOUGLAS M. FISHER  
FARQUHAR R. OLIVER  
Executive Secretary  
ROBERT J. FLEMING

Ontario  
Commission  
on the  
Legislature

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Ferguson Block  
Queen's Park  
Toronto Ontario

November, 1974

To the Honourable Russell D. Rowe  
Speaker of the Legislative Assembly

Dear Mr. Speaker,

The undersigned, Dalton Kingsley Camp, Douglas Mason Fisher and Farquhar Robert Oliver, were appointed Commissioners by Order-in-Council 1960/72 and approved by His Honour the Lieutenant Governor of Ontario on the 14th day of June, 1972, to study the function of the Legislative Assembly with a view to making such recommendations as the Commission deems advisable with respect thereto, with particular reference to the role of the Private Members and how their participation in the process of government may be enlarged, including the services, facilities and benefits provided to the Members of the Assembly. Your Honour is also aware that, subsequent to this, the Honourable William Davis, with the agreement of the party leaders of the Legislature, requested of the Commission a further Report on matters relating to party and election campaign financing.

We beg to submit to you, Mr. Speaker, this Third Report of the Commission.

*Dalton Camp*  
Chairman


*F. R. Oliver*  
Commissioner

*Douglas Fisher*  
Commissioner

#### DISSENT

I am in full agreement with the recommendations of this Report, with the qualification that there should have been a recommendation for ceilings on party and constituency expenditure in an election campaign. This would, in my judgment, have added materially to the full effect of our proposals.

*F. R. Oliver*  
Farquhar Oliver  
Commissioner



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## POLITICAL PARTY FINANCING

### PREFACE

The root and branch of the parliamentary system are the political parties. While parliaments and legislatures are bound by rules, precedent and long-established practice, and make our laws, the political parties which make up the parliaments are unrecognized by the law, are responsible only to themselves in a limited sense, and are legally accountable to no one.

Although the parties perform a crucial, vital service for society, and while their leaders and principal spokesmen are highly recognizable, many of their internal processes are largely a mystery to the general public, and even to their own members. This is not to suggest that such are sinister, but only that they are secret.

It has been traditional practice in the political system not to disclose either the source of party funds or the disposition of them. Confidentiality has often been a fetish. The question as to whether the public ought to know, or that it might have the right to know, the identity of those who support the parties financially, and the extent of that support, has not until recently been a matter of significant public concern.

In recent years, however, it has become increasingly clear that political parties, to operate effectively, require substantial and increasing amounts of money. In election campaigns, party expenditures, in the media at least, have become highly visible. Even so, precisely how expensive these campaigns have become remains a matter of conjecture.

Mystery and secrecy encourage suspicion and cynicism among citizens about their institutions and the participants in the political process.



It would be difficult to make even an informed guess as to the total sums raised annually in Canada by politicians and parties at the three levels of government. In any event, only a small portion of the total would be found to have been raised from individual contributors. Most of it is raised from the corporations.

While we might assume that the total amounts of money involved have not grown inordinately, relative to the rise of the G.N.P., still all this has become an increasingly sensitive part of the partisan process as the public has become increasingly concerned. This concern has plainly brought a response from the politicians themselves, who now seem to want the business of fund-raising and political financing out in the open.

It is obvious that party spending in Ontario largely takes place either at each party's provincial centre or in each constituency by the party candidate and the constituency organization. It has been the reality, despite wide variations in regional traditions and practices of the Ontario parties, that the central party organizations have been much more effective as fund-raisers than the constituency organizations.

A few constituency organizations in Ontario have a record of large-scale membership and the capacity to raise and administer funds for local party purposes. But such is not the general case. We have been conscious in our recommendations of the diversity of constituency situations. If we take the three main functioning parties and multiply by the number of ridings, we get the sum of 351 constituency organizations. The overall capacity of these organizations to raise money and to manage their financial affairs is generally weak. The importance of this fact can be simply put: any new system of fund-raising and spending for the parties, especially at the riding level, will take time to develop to an appropriate standard, and this objective should not be made any more difficult of achievement than necessary.



## SURVEY OF PUBLIC OPINION

The public's perception of party spending in Ontario election campaigns is indicated by a Province-wide survey conducted by the Commission. A great majority (74%) were unable to suggest an amount "a political party would be justified in spending", and of those who had an opinion, the greater number favoured a level of expenditure under \$500,000. (See Appendix, Page 56.)

While the figure is unrealistically low, it does not alter the fact that Ontarians appear to feel that too much money is being spent in election campaigns, as they also feel that maximum limits should be set for all political contributions from individuals, trade unions, and corporations. The survey also indicated public support for partial public funding of election expenses.

If public opinion is any criterion - and it surely must be - the Commission has no doubt that there is, among the general Ontario population, a recognition that the present system - however mysterious - and perhaps because of it - is unsatisfactory. As a consequence, there is a clear thrust for reform.

## THE MANDATE OF THE COMMISSION

The Premier of Ontario, referring to these matters in the Legislature in December 1972, set forward the task of this Commission:

"To the greatest extent possible, I would want to maintain a political system in which the various parties can function and campaign for public support freely and openly and ... in an atmosphere above and beyond public doubt, suspicion or cynicism ...

"I am convinced, however, that there is a need to examine the present system, as it exists, and to consider any alternatives which might improve upon our present practices."



The Commission has discussed the substantive issues with the various parties, and with their financial officers. It has studied at first hand the reforms undertaken, or under way, in the federal field in Canada, in the United States, and in Great Britain, as it has examined current practices in other Canadian provinces and elsewhere.

The Commissioners brought to these deliberations their own experience; each has been a candidate for public office and each has had some practical knowledge of the financing of political parties and of election campaigns.

#### DISCLOSURE

The value of disclosure is that of encouraging an open system, in which the public's right to know how parties are financed, and by whom, is a foremost consideration, as is the right of contributors to give openly and voluntarily.

However, there is the concern that disclosure will inhibit contributions, leaving the parties short of adequate funds to operate between elections, or to campaign effectively during them, or, as one fundraiser put it, "to pay their bills."

Some corporate contributors feel, given the fact their donation is to be publicized, that their shareholders, or their customers, or both, will question the amounts contributed and the allocation as between the parties. It is suspected that public disclosure of contributions will create a self-consciousness among donors so that donations will be less in absolute amounts, and, as well, artificially equalized among the parties.

There is the further concern that disclosure will create suggestions of donor-government (or donor-party) conflict of interest, even where



none exists. Modern government not only legislates in many areas of private concern, but it also has customer relationships throughout the business community.

The corporate donor, while his motives may be entirely legitimate and even altruistic, runs the risk of shareholder displeasure, customer resentment, and public suspicion. And what is true of the corporate donor might also be true of the individual contributor.

For these and other reasons, which we shall discuss later, the disclosure of political contributions in itself may not significantly improve the system, but may only present new problems and create a number of new practices in fund-raising methods which will distort the spirit of the principle of disclosure, even while observing the letter of it.

#### FUND-RAISING

Political parties cannot become mere wards of the state, or they will quickly become operating bureaucracies in a political system frozen in place. If they are not to become so, they must draw upon voluntary contributions from private sources. The sum of those contributions should make up at least a major proportion of their income.

In any system close to the ideal, a political party with a reasonable base of public support ought to have adequate funds so that it can maintain an efficient level of research, organization and communications capacity between elections, and campaign effectively during elections.

While the method of fund-raising has undergone little substantive change in the long history of party politics, the political process has changed enormously. Because of an expanding communications technology,



the parties are obliged to finance the necessary techniques and the expertise to employ them. All this has meant a continuing escalation of party budgets, whether for campaigns or for maintenance expenses. As a result, the parties are often pressed for funds, involved in an endless cycle of borrowing and repaying debts, and certain only that each succeeding election campaign will be more expensive than the last, as the cost of media alone continues to make omniverous demands upon campaign budgets.

Steadily increasing costs have been the root cause of mounting campaign spending. The effect has been to increase the dependency of the party system upon the larger donors, and to devalue the smaller contributor. It is simply easier and more efficient to raise adequate funds from among large contributors. As a result, the business of political financing has been left to the business community, in the case of the Liberal and Progressive Conservative Parties. In the case of the New Democratic Party, as much as 40% may come from the trade unions. This is not to suggest there is anything new in this, only to point out that it remains the same today, only more so.

It is safe to estimate that of the total amounts raised by the Liberal and Conservative Parties for campaign purposes, not less than ninety per cent would come from business donations. As for the NDP, it is clear that without the support of the trade unions, that Party would be severely short of funds.

In such a system, there is too little genuine incentive for the party to give proper emphasis to the smaller contributor, or to broaden the base of party financing. A free, open, and democratic political system ought to have a greater reliance upon general public support and ought not to depend, for its continuance, on the generosity of a segment of the community. Certainly, when political parties rightfully have their influence upon the Members in the Legislature, the parties themselves cannot be deemed to be free of the risk of undue, or disproportionate influence of those who pay their bills, and finance their campaigns.



There is a question as to the propriety, much less the logic, of so heavy a responsibility for financing the party system being borne, even though voluntarily, by the corporate segment of the community. The question becomes more pertinent as both corporations and government grow larger and the relationships between them become increasingly complex and vital, and, at the same time, as the cost of maintaining the parties and financing their campaigns continues to mount.

As a Commission, we have debated the subject exhaustively while in the process of considering the various options which seemed appropriate to our political institutions and traditions. In the United States, direct corporate or business contributions are simply illegal. But such a prohibition is difficult to enforce. It has become common practice for corporations to "bonus" their senior executives who then pass on the bonus as personal contributions. While it is likely that the new disclosure provisions in the U.S. Federal Election Campaign Act (Bill S.3044) will discourage this practice, it will still require zealous policing. In any event, by prohibiting business contributions, the basic reliance for funds is merely transferred from wealthy corporations to wealthy individuals, leaving the system essentially unchanged.

There are further questions raised by eliminating entirely the corporate contributor. It does not seem logical to disallow corporate contributions while continuing to allow trade union contributions, much less contributions from other non-profit associations and organizations. It does not appear sensible to the Commission to encourage a system which would work a hardship on some political parties but not on others, or a system which, in effect, might only reroute corporate contributions from their direct source back through individuals, or channel them through non-profit associations and organizations.

Further, the reality seems to be that the party system cannot be adequately maintained without corporate support, short of substantial public funding.



The Commission feels its task to be that of broadening the base of political contributions and not one of narrowing it. Corporations, no less than individuals, unions, or other elements of the general society, should continue to be encouraged to support the party system; it could be argued that it should be as much a right as it has been a necessity.

As one starts to dissemble the existing system of political financing, it becomes increasingly clear that one decision leads inexorably to another. For example, while constructing a model based upon disallowing corporate contributions, it becomes obvious that the shortfall in available funds would be severe. It also seems certain that the shortfall could not be made up by individual contributions unless, as described above, corporate money is not simply to be rerouted. To do so would resolve nothing, but merely encourage deception and general cynicism, and make of the political parties either conspirators or bankrupts.

Yet, we are surely not to leave the parties without adequate funds, or with resources insufficient to promote their cause and their candidates.

Should the parties be unable to wage an effective campaign, and to employ all available legitimate means in doing so, it would mean, to a considerable degree, an increased dependency upon the media to report and interpret their platforms and arguments, and to adjudicate the quality of their leadership and candidates.

In candor, no party is willing to submit itself to such a circumstance. Given a campaign in which the issues are controversial, and where the voters are confronted with multiple options and choices - which is the rule rather than the exception in election campaigns - the political parties need to have the capacity to advocate their own cause, and with as much freedom and flexibility as their resources will allow.

While it is true that the journalist considers information produced



by the parties as propaganda, it is equally true that the parties consider much of the information produced by journalists as biased. Whatever truth in either assertion, politicians practising in a free and open system surely have the right to present their own case, just as others have the right to make what they will of it.

### PUBLIC FUNDING

There are some who consider total public funding of election campaigns as inevitable, and who see it as the best defense against the dangers inherent in the present system.

One responsible official of a major party has told us that he would prefer to see public funding rather than "tinkering" with the system as it is. Another has remarked that while he considers public funding as the ultimate ideal solution, he believes it must be introduced in phases, since to do so abruptly would produce chaos.

Since 1969, the Norwegian Parliament has given financial support to all political parties in direct proportion to their support at the polls in the previous election. The eligibility of a party for such support requires only that it offer candidates in at least half of the constituencies. Otherwise, no conditions are attached to the disposition or use of the funds.

In 1974, the total amounts provided to the 13 eligible parties amounted to 13 million kroner (approximately \$3 million Canadian), and varied from the highest amount of 4,589,000 kroner for the Labour Party to the lowest of 11,700 kroner for the Women's Freely Elected Representatives. Presumably, public funding is workable within the Norwegian political system which is, apparently, a system in which parties proliferate and coalitions are commonplace. In such a system, almost any party with a measure of public support is self-perpetuated through public funding.



It would be difficult to visualize a political process in Ontario in which a dozen or more political parties are operative, and even more difficult to recommend a method of political financing which would encourage such a result.

The U.S. citizens' political lobby, Common Cause, was among the early and most earnest advocates of total public funding, but in our recent discussions with members of that organization the Commission found a growing number of reservations. In our conversations with Common Cause, our skepticism and doubts rose from similar practical and philosophical considerations.

To the degree that money provides clout in an election campaign, it would be difficult to apportion public funds among the parties without either favouring the "ins" and discriminating against the "outs" or, by arbitrarily treating all parties the same, favouring minority parties at the expense of major ones.

Furthermore, it has been a part of our political tradition that citizens outside the party system may seek office as parties of one, representing an independent position. Total public funding would either eliminate the independent as a part of our political process or it must, willy-nilly, allow those seeking mere notoriety or self-aggrandizement access to the process at public expense.

One could institute total public funding at the price of prohibiting independents and freezing the present array of parties in place, just as one could construct an alternative model in which, at considerable public expense, frivolous candidates could emerge, or parties of temporary fashion and representing special interests, or parties whose dogma and purpose may be sinister and hostile to the general society. Given total public funding, all these would survive and flourish on the public purse.



Before leaving the subject, one further difficulty needs to be mentioned. Total public funding does, at least, do away with the need for financial disclosure and, presumably, with any requirement for accountability, since the parties receive their funds as a matter of right. But the question still remains as to how the political parties are to survive between elections. The choices are obvious and limited. Either public funding is continued between elections, or the system reverts to prior practice; otherwise the parties could only be maintained in penury between elections.

If public funding is to apply only for elections and the parties are otherwise free to finance their operations as best and however they can between elections, then the dangers inherent in the present system remain, and are perhaps intensified by the need to build larger party bureaucracies in order to conduct election campaigns in which financial resources are limited.

As for the possibility of publicly financing both election campaigns and political parties between elections, we doubt that many who understand and value the party system would find such a solution acceptable. Nor would anyone support it who would reckon the public temper.

We believe that a balance must be struck between private contributions to the parties and public funding. Later in this Report we recommend a tax check-off approach, as well as tax credits. In our opinion this will provide a greater opportunity for parties to broaden their base by going out to organize new support. Consequently, the health of the constituencies will be improved and they too will have fresh incentives to solicit funds and maintain strong local organizations.



### THE SEARCH FOR A NEW FORMULA

We believe a system is required to which the parties themselves will adhere, which will not invite violation or circumvention, a system that is equitable and comprehensible, and one that can be and must be regularly monitored and vigorously enforced.

What we are looking for is a formula by which political parties will be assured reasonable means for the purposes of meeting their campaign costs and their ongoing organizational expenses without the present heavy reliance upon large corporate or institutional contributions. If such is to be achieved, it can only be done by a mixture of method and means, including tax credits to encourage individual donors, a tax check-off to encourage mass participation in party financing, statutory limits upon the size of all contributions, corporate or otherwise, and, given certain qualifying requirements, a degree of public funding of the election expenses of candidates.

In any system in which disclosure is required, the implication is that financial records must be kept, and auditing is essential. Contributions must be declared and all expenditures reported. Furthermore, in any system in which public funds are committed to finance political campaigns, the beneficiaries of such funds are faced with a more stern requirement for public accountability. Commensurate with the public's assumed obligation to assist the political parties is the parties' obligation of accountability.

The history of all the legislation drawn up by various parliaments to regulate election practices is that, for the most part, the parties have treated the laws in cavalier fashion, neither seeming to understand them nor concerned with conforming to them, and the indifference of the parties has been no greater than that of the general public. Efforts to enforce the laws have been negligible, there seeming to be a widespread reluctance to do so.



As the Barbeau Commission reported, the Dominion Election Act was amended in 1908 to prohibit corporations from making political contributions. In the result, the Barbeau Commission records, "The law in fact had no impact. There were no prosecutions, and there was no evidence that business contributions slackened ... on the contrary, they may have increased."

This "legal platitude", the report goes on to say, could not have been effective because "even supposing zealous enforcement on the part of government (which, considering the needs political parties have for money, was a dubious assumption) businessmen willing to contribute would have little difficulty classing corporate funds as, say, 'personal expenses', or even salary; nor would a corporate executive meet any difficulty in giving 'bonuses' to employees, who would then give, as individuals, to a political party." Expectedly, the prohibition was soon after repealed, having perished from neglect.

We conducted an examination of returns by candidates in certain Ontario ridings in the 1971 Provincial election, all candidates being obliged to file under the Election Act. As a result of this study, and as a general observation, we concluded that the present Act, as it applies to the reporting of expenses, is neither suitably observed nor enforced.

The principal reason for this common phenomenon is not dishonesty, but a mixture of indifference, incompetence and ignorance. The Act is not complied with because there is no demonstrable need to do so, although successful candidates are markedly more compliant than those who are unsuccessful. The fact remains that, for all intents and purposes, the present requirements of the Act, as modest as they are, too often stand largely in abeyance.



### THE FEDERAL ACT - BILL C-203

The most serious and deliberate effort at reform in this area of party financing has recently been undertaken by the Canadian Parliament. Following two years of study by the Barbeau Commission, which reported in 1966, and after a number of attempts at draft legislation, Bill C-203 has been proclaimed, although its provisions were not effective during the last federal general election.

This Commission has made a thorough analysis of Bill C-203 and has discussed its provisions with representatives of the political parties and some of the architects of the Bill. Were Ontario to duplicate the Federal Act, if only in the interest of conformity, the political parties, whose establishments and activities overlap in many areas, would no doubt be appreciative, since the possibility of confusion created by the existence of two distinctly different acts, provincial and federal, would then be eliminated.

However, the Commission finds serious flaws in the federal legislation - at least they appear so for our purposes. Furthermore, provincial politics and federal politics are not the same, as much as the parties may resemble one another, and we do not feel the provincial legislation needs so much to be congruent with the Federal Act as it needs to serve the general interests of Ontario.

There are some basic disabilities in the federal legislation, as we see it, and while these may not be critical in the federal political area, they appear so here. The provisions in Bill C-203 are not sufficiently stringent to achieve the desired purposes of disclosure.

For example, while all donations to a party, or to a candidate, of \$100 or more must be disclosed by the recipient, the Federal Act would allow any person or organization to contribute, in aggregate, more than



\$25,000 to a single party (specifically, by distributing the amount among the individual candidates of a party) without reporting each individual contribution so long as it is less than \$100.

Political contributions of substantial amounts can be "laundered" by making them through various groups and associations. In short, corporations could contribute through trade associations or, if they so choose, could contribute through an association formed merely for that purpose.

Finally, there are no limits in the Federal Act to the amounts which individuals or organizations may contribute to a federal party. The effect of these provisions leaves the method of political financing relatively unchanged, with the parties continuing their traditional dependence upon the traditional sources for their funds.

As Professor K. Z. Paltiel has observed, "It is apparent that, barring a profound shift in campaign style, Canadians will continue to witness the activities of the bagman and his associates."

It seems to us that the totality of experience with legislation dealing with political parties and elections suggests that no satisfactory degree of compliance is possible if the parties are left to police one another, or where enforcement remains the reluctant responsibility of the Chief Electoral Officer.

No attempt at reform is possible, in our judgment, unless the parties, contributors, and supporters alike have reason to be convinced that the regulations governing their activities are certain to be enforced. If they are not so convinced, any Act, however well intentioned, will be ineffective.

Another concern with the Federal Act relates to the spending ceilings imposed upon the parties in election campaigns. The ceilings are



liberal - allowing each party to spend a total approximating a maximum of more than \$10 million, assuming a full slate of candidates. However, the difficulty with spending ceilings, as the Barbeau Commission concluded, is that of enforcement. Apart from very practical and realistic considerations, all of which relate primarily to the uneven capability of constituency organizations to monitor precisely their expenditures during the heat of a campaign, it is our considered judgment that the parties will find it all but impossible to conform to that portion of the Act which requires that they declare "the commercial value of ... services provided for the use of the candidate." It will be as impossible for the CEO or anyone else to verify such a declaration.\*

The above observation is subject to reasonable qualification; the donation of a fleet of cars for election use by an automobile dealer can obviously be identified and reported at commercial value, but the lending of a private car on Election Day could not. Similarly, the donation of an aircraft, bus, or other commercial vehicle, should obviously be declared if such are used specifically for the purposes of the candidate's campaign. But if the candidate's supporters invite him to meet his constituents in their own homes and provide refreshments for those present, it would seem ludicrous to insist upon placing a commercial value upon their hospitality, even though it may well exceed \$100.

A more difficult task for the parties and their candidates is that of placing a "commercial value" on individuals who volunteer their services and, by so doing, contribute some form of special expertise to the campaign. These would include advertising and public relations experts,

\* The amended Federal Election Campaign Act before Congress in the United States, in defining election campaign expenditures, states that such an expenditure "does not include the value of service rendered by individuals who volunteer to work without compensation on behalf of a candidate."



trade union organizers, academics, journalists, broadcasters, musicians, audio-visual technicians, professional athletes and others with celebrity status, doctors, lawyers, and presumably almost anyone who has a gift or special skill by which he makes his living, and volunteers it to a party or candidate during an election campaign. No one who has had any experience with campaigning will underestimate the value of such a contribution; on the other hand, the mind boggles at the task of those who must record the particulars of all this, and put a fair market price on it for the purpose of calculating campaign expenses.

Under the Federal Act, attempting to place a "commercial value" on the contribution of personal services may be complicated, but there is yet another consideration which is the enormous advantage which governments in power have during election campaigns, in terms of being able to utilize the services of countless ministerial assistants, secretaries, researchers, and other public employees, to say nothing of the transportation and communications systems at their disposal. Surely it would be virtually impossible to distinguish bona fide government activity from political activity in attempting to determine a realistic valuation.

There must be room for common sense, and the regulations governing our political procedures ought to be practical and sensible enough to encourage compliance and not to repel it. It seems to us that if a party employs anyone, for whatever purpose, the transaction is easily reported and must be. But any individual ought to be free to volunteer his or her services to a partisan cause, and the fact that some may have special talents and be of special value as individuals in a political cause ought not to be discriminatory. The parties ought to be free to accept such support without consulting a Plimsoll line of election spending ceilings and without paying a premium for it.



In attempting to live within the requirements of Paragraph 63 (1)(e)\* of the Federal Act, the campaign managers, agents, auditors, and candidates will be obliged to make countless value judgments, rough estimates, and outright guesses - in effect, they will have to referee their own game. It would be expected that their estimates - in the face of operative spending ceilings - would inevitably be low for "services". Where spending ceilings are reached, as they will likely be in many cases, the whole system is open to dispute, challenge, bickering, and nit-picking. And pity the CEO who must, in the end, receive these returns and transmit certification to the Receiver General indicating compliance with respect to the Act, so that the candidates may be reimbursed. Paragraph 63 (1)(e) is, to our mind, an impossible, and, as such, an unnecessary provision.

#### THE COST OF ELECTION CAMPAIGNS

It is a matter of record that much of the existing federal and provincial election legislation governing election campaigns is tacitly ignored because many know that enforcement is either impractical or unlikely; even worse than that, in our view, there are provisions which

\* 63. (1) Within two months after the candidate returned has been declared elected, the official agent of every candidate shall transmit to the returning officer the auditor's report made to him pursuant to subsection 62.1(4) and a true signed return substantially in Form No. 64 (in this Act referred to as a "return respecting election expenses") containing detailed statements in respect of that candidate of ...

(e) the amount of money and the commercial value of goods or services provided for the use of the candidate by way of loan, advance, deposit, contribution or gift by each of the following classes of donors, namely, individuals, corporations the shares of which are publicly traded, corporations the shares of which are not publicly traded, governments, trade unions, corporations without share capital other than trade unions, and unincorporated organizations or associations other than trade unions, and the number of donors in each such class;



cannot be enforced. While we share the concern, as we have said, that campaigns are becoming too costly for the parties, there are other and more effective means by which spending can be limited and the need for funds made less compelling. The most direct and effective way to do so, in our judgment, is to shorten the length of election campaigns as a first step and, further, to reduce the number of campaign days during which the parties may advertise in the media.

It would be much easier to establish workable limitations upon campaign spending simply by contracting the time frame during which money could be spent for certain purposes. In the British system, very severe limits are set - £750 plus 5p. for every six entries in the election lists - but the parties traditionally spend enormous sums, without limitations, prior to the election writs. And, of course, the party in power is more likely to know best when it is appropriate to begin a "pre-election" media campaign.

At present, in Ontario, election campaigns are too long, in the opinion of most, and they tend to become, from a spending point of view, battles of attrition. The longer the campaign wears on, the more is spent, for time to spend creates its own compulsion for spending.

#### MEDIA ADVERTISING

It seems to us unwise to impose upon the parties so many strictures that we do, in effect, tell them how they must campaign. There is no valid evidence to suggest that expensive media campaigns significantly influence the electorate (which is not to say that effective ones do not).

To limit the access of a political party to specific media is, to our thinking, to place limits upon free speech and expression. No one would suggest that a candidate for office should be limited as to the number of public meetings he may hold, or the number of voters he may canvass, or how often. Why, then, should a party or candidate be limited



- within the specified period of a campaign - as to the number of statements they may make to a mass audience through the media?

A common answer to the question is that limitations could be set so as to equalize the contest between the parties, so that the party with the most money does not command the most time and space in the media. While it might be sportsmanlike to handicap the parties in order to make them equal in strength and resources in an election campaign, it could only be done by a system of arbitrary and artificially applied subsidies for lesser parties on the one hand and/or extreme restrictions upon the major parties on the other, with the result that the contest would not necessarily be more democratic but less so.

The major concern with respect to an inordinate advantage in the financial resources of one party over another is that such an imbalance allows for the domination of television by the wealthier party. The question then becomes one as to whether there is something unique and peculiar about television, used for political purposes, that does not apply to other media and other forms of political campaigning. No one has seriously suggested limitations on newspaper, magazine, or billboard advertising - nor proposed limitations on printed materials, posters, lawn-signs, or on the so-called "gimmicks" employed in campaigns. In the main, many advocates of restriction seek not only global limits for election spending but particular limits on television spending.

In other words, it is being argued that political parties should not be permitted to spend the limited amounts allowed or available as they deem most advantageous to them. The sense of this eludes the Commission.

One suspects that many feel the political one-minute or 30-second commercials on television are somehow more influential, and therefore objectionable, than a longer political speech from a public platform, or, for that matter, a longer televised message. Perhaps such an opinion is over-protective and underestimates the public's ability to make up its mind on the merits of the parties and the effectiveness of their



presentations through the medium.

It should be borne in mind that there are natural and self-imposed limitations upon the use of television. Neither CBC stations nor the CBC network may be purchased for political broadcasts. Television is too costly for individual candidates to permit extensive use. The commercial time available on private stations is, by definition, limited, and the costs of production together with time costs impose further realistic restraints. Finally, with campaigns of shorter duration, parties will perforce use television less, in an absolute sense.

There is a further difficulty with placing restrictions upon the use of media and placing global limits on party spending in campaigns. This involves the growing practice of private citizens, and groups of citizens, advertising in the media in election campaigns to promote certain causes. Inadvertently, or deliberately, this activity may assist one or more of the parties as it may disadvantage others.

In a campaign where spending ceilings are in effect, it may well be in the interests of a party to encourage its friends to support it in this manner. A private citizen, for example, may launch a campaign in the press extolling the virtues of free enterprise, or expressing opinions with respect to a major issue in the election. He may do so in consultation with a political party or by acting entirely on his own initiative. Either way, the advertisements are intended to influence voters and, as such, to aid one or more of the parties.

Even where spending ceilings are not imposed on election spending, but where the parties must account for their contributions and expenditures, such so-called "private" campaigns can be used to conceal both. (It might be mentioned here that corporations, unions, associations, or other groups may engage - and have done so - in this practice.)

In the United Kingdom, such expressions of private opinion are simply disallowed during election campaigns or, when they are not, they



must be charged against the parties or candidates they are deemed to support. In the United States, the practice has been the subject of court action based upon the right of free speech. The Federal Act in Canada makes no attempt to deal with it, although it seems inevitable that it must, since both disclosure and the spending ceilings will encourage the practice.

It would seem sensible to us not to attempt to forbid private citizens from sounding off on public issues in election campaigns. After all, they may do so on the street corner, or they may hire a hall; why not, then, take space in the media?

But what they may not do - if the regimens of disclosure and accountability are to remain in force - is specifically endorse a party or a candidate, or specifically oppose the same, on behalf of undisclosed contributors. In short, where the advertisement on behalf of the individual or groups is deemed to be political in nature and relevant to the election campaign, the sponsor, or sponsors, must be identified.

If an individual or group purchases media space to endorse or support a party, parties, or candidate(s), the cost of the space must be considered as a political contribution, and the donors subject to the regulations governing political contributions.



## THE PERSPECTIVE OF THE COMMISSION

The Commission has sought to formulate a set of proposals which will be just and reasonable, applying equally to all parties - proposals that are understandable and workable, that will reduce the risks and dangers inherent in the present system, and encourage greater public knowledge and participation. We have sought to do so while preserving the opportunities of independent candidates to seek office, and for new parties to form. And we have sought to allow all parties the fullest freedom and latitude to develop their organizations and to campaign effectively for office.

We certainly do not wish to see politics become mere auditing and book-keeping. Those who are participants ought to have larger concerns than the fear of breaking obscure laws. As an avocation, political activity needs to be encouraged. This can best be done where the system is open and governed by reasonable rules which are upheld in the recognized self-interest of the parties as well as in the interest of the general society.

### A COMMISSION ON ELECTION EXPENSES

As a first basic recommendation, we propose the establishment of a permanent, independent Commission to assist the political parties and candidates for office in conforming with the regulations which will flow from the recommendations made later in this Report. Henceforth we will refer to it as the Commission on Election Expenses, or the Commission. And it should be noted that all the recommendations set out in the following pages will require either amendments to the Election Act, or a separate Act dealing with the financing of political parties and their constituency organizations, and candidates or candidates' financial committees.



We believe a permanent Commission with such powers and authority is the surest guarantee that the Act will be enforced. The Barbeau Commission recommended a separate body for similar purposes, but the Federal Act conferred all responsibility for enforcement of the Act upon the Chief Electoral Officer. We do not believe the Chief Election Officer of Ontario should have the responsibility of administering those provisions of the Act dealing with disclosure and accountability and relevant financial matters.

It is our view that such an independent Commission will seek and earn the respect and co-operation of the political parties. The thrust of its activity is not only to enforce the Act, but to assist the parties and candidates in complying with it. While ignorance of the election laws is no defense, it has been the principal cause for non-conformance.

#### COMPOSITION OF THE COMMISSION

As to the composition of the Commission, we propose that it should be appointed by the Lieutenant Governor in Council and be comprised of:

- two nominees from each political party, holding four or more seats in the Ontario Legislature, and appointed on the advice and recommendation of the party leaders. The nominees of each party must be private citizens and would serve on the Commission for five years, and may be reappointed for one additional term;
- a benchler on the Ontario Law Society who shall be appointed by the Lieutenant Governor in Council;
- the Chief Election Officer, who shall be an ex-officio member;



- the Chairman of the Commission, who shall be a private citizen, appointed by the Lieutenant Governor in Council, and serve for a period of not more than ten years.

The Commission shall elect each year a vice-chairman from among those members appointed by the parties. A vice-chairman may not serve as such for more than two years.

Members of the Commission, except those who are ex-officio members, will be paid per diem allowances, with the exception of the Chairman who shall be salaried.

The Commission shall meet on the call of the Chairman, or on the formal request of five or more members. A quorum shall consist of any five or more members who are nominees of the parties, plus the Chairman, or, in the unavoidable absence of the Chairman, the Vice-Chairman.

Members appointed to the Commission shall not, during the term of their service, hold office in any party or political organization, or make any financial contribution to a political party or organization.

### RESPONSIBILITIES

The responsibilities of the Commission would include:

- registering provincial political parties or constituency associations or candidates under the new Election Act, including authorization to solicit and receive political contributions as prescribed in the regulations governing political contributions;
- designing and distributing all necessary forms required for the purposes of disclosing political expenditures, of filing statements of receipts and disbursements in election campaigns, and of claims for candidate reimbursements;



- assisting constituency organizations and political parties in the preparation of annual returns;
- assuring appropriate auditing services to constituency organizations during election campaigns;
- receiving and examining the annual financial returns of registered political parties and constituency associations, reporting to the Attorney General any apparent violations of the Act, and recommending any amendments or alterations to the Act as the Commission deems advisable;
- reporting annually upon the affairs of the Commission, or upon any irregularities or omissions to the Speaker who shall cause the report to be laid before the Assembly if it is in session or, if not, at the ensuing session;
- conducting routine and periodic examinations of the financial records of registered political parties and constituency associations, for the purpose of overseeing the maintenance of proper records and conforming with the requirements of the Act;
- applying the regulations;
- allocating to registered provincial political parties annually the sums due them from the voluntary contributions aggregated through the income tax check-off, and to withhold such funds in whole or in part, where the parties or constituency associations fail to comply with the regulations, and to deregister those parties or constituency associations.

## POWERS

The Commission shall have the power, under the provisions of the Public Enquiries Act, 1971, S.O. 1971, c.49, Vol. 2, to request and to examine all documents and records relevant to its responsibilities for enforcement of certain provisions of the Act; and to conduct a public inquiry, either on its own initiative or at the request of any registered political party, constituency association or candidate.



### STAFF

The Commission may appoint Counsel and an Executive Director to serve at the pleasure of the Commission, and may also employ the services of independent auditors.

### BUDGET

For the purpose of carrying out its functions, the Commission shall prepare its estimates and submit them annually to Treasury Board with a copy being filed with the Clerk of the Legislature. Other than through special warrant, the Commission's annual expenditures may not exceed \$300,000, except in election years when they may not exceed \$500,000.

### AUDIT

We recommend that the Commission's expenditures be examined annually by the Provincial Auditor and reported to the Legislature.



### THE REGISTRATION PROCESS

It is now appropriate to describe the procedures we propose by which political contributions are to be solicited and received and, of course, for this purpose we must assume the Commission on Election Expenses responsible for administering these matters is in place.

The Commission shall have the unique authority to register political parties, constituency organizations, and candidate finance committees for the purpose of qualifying for the provisions of the Act respecting the raising of funds, disclosure, the rendering of annual financial statements, qualifying for public subsidy, and for incomes generated by the tax check-off.

To qualify for registration, a political party must hold a minimum of four seats in the Ontario Legislature as of the most recent general election; or it must have contested at least 50% of the total number of constituencies in the most recent election; or it must nominate candidates in at least 50% of the total constituencies following the writ for a general election; or, at any time prior to the issuance of a writ, it must provide the names, addresses and signatures of 5,000 persons who are of voting age, eligible to vote in Ontario in a provincial election, and who attest to the registration of the party concerned.

No political party or persons acting for a party, constituency organization, or for any candidate seeking provincial office, may solicit or receive a political donation without first becoming registered by the Commission.

As a requisite for registration, a political party must:

- provide the Commission with an audited financial statement;



- list the names of its principal officers;
- list the names of its Chief Financial Officer and all those authorized by the party to solicit and receive political donations;
- designate one or more chartered banks, or other financial institution lawfully entitled to accept deposits, which shall be the repository for all political contributions made to that party, together with the names of signing officers for the party responsible for operating the account.

The constituency association or organization of a registered political party shall be made eligible by the Commission to solicit and receive political contributions, provided that:

- the constituency organization or association is recognized as such by a registered political party as the official organization of that party in the constituency;
- the constituency organization submits to the Commission a list of its principal officers, the name of its Chief Financial Officer, the names of all those authorized to solicit and receive political contributions donated to the constituency organization, and name and address of the chartered bank, or banks, or equivalent financial institution in which all political donations are to be deposited, and the names of the signing officers for such account;
- the duly registered constituency organization or association files with the Commission annually an audited financial statement.

For the purposes of the Act, no more than one constituency organization or association shall be registered representing any one political party in each riding.

Any candidate duly nominated to run for provincial office who is the nominee of a registered constituency organization or association may, following the writ for a general election, or by-election, establish a



financial committee for the purposes of raising funds for his campaign. The candidate's financial committee shall be registered as such for the purpose of soliciting and receiving contributions, provided that the candidate:

- files with the Commission the name of his Chief Financial Officer, and the names of those individuals authorized to solicit and receive funds for his election campaign;
- designates the chartered bank or banks, or other financial institution, in which all campaign contributions will be deposited.

The same conditions and provisions would apply for candidates who are not the nominees of a registered constituency association, or political party.



### A NEW APPROACH TO PARTY FINANCING

We now come to the major considerations of our Report, regarding disclosure, accountability, and party financing.

Since the system we envisage represents a significant change in the methods of party financing, we recognize that, in many respects, the effects of our proposals cannot be proven other than by experience. Nevertheless, we are satisfied that, with the following provisions taken together, the parties will have adequate means relevant to the level of public support they enjoy, and, including a degree of public funding for candidates, there is the added assurance that at least a minimum amount will be available to all candidates who satisfy certain performance requirements.

It is our intent to set political contributions at reasonable limits, which we believe sufficient to allow for the maintenance of the parties between elections and to generate sufficient campaign funds during elections. It is our purpose to remove from the political process the presence of big money from large and powerful interests.

We strongly recommend that the substantial dependence of our political parties upon the substantial contributions of a few be terminated. We propose a system which relies on the support of many, at all levels of society, and in which, in the end result, no particular group or segment can be deemed to wield more influence, or bear more of the cost of political financing than another.

This cannot be done if opportunities remain to redirect political contributions through third parties or groups. If limits are to be imposed upon contributions, these limits must be enforced and the opportunities for circumvention must be closed.



## TAX CREDITS FOR INDIVIDUALS, CORPORATIONS AND UNIONS

As a first consideration, we recommend that provincial tax credits be allowed for all political contributions to registered political parties, constituency organizations, and candidates, with three important qualifications:

- (1) that only three basic forms of political contributions be allowed: those made by individuals, by corporations, and by trade unions (with the exception of certain kinds of group contributions to be discussed later);
- (2) that an individual or a corporation or a trade union may contribute only to a maximum of \$2,000 to each registered political party in a calendar year; that an individual, union or corporation may, in addition, contribute to any registered constituency organization provided the aggregate of all such contributions does not exceed \$500 in a calendar year for the constituency organizations represented by each registered political party; that all such corporate and union contributions as allowed by the Act shall be disclosed, along with the name, or names, of the corporation officers authorized to make such a contribution;
- (3) that tax credits up to a maximum of \$500 be allowed to individuals;
- (4) that donors other than individuals be permitted to deduct the amount of any contributions up to a maximum of \$4,000 in computing income subject to provincial tax. As a practical matter this will apply only to corporate donations since unions are not taxable. At the same time it must be remembered that individual union members will have had a deduction for tax purposes in respect of their union dues out of which the contribution will have been made.

For the individual donor's aggregate contributions, we would recommend a tax credit of 75% on the first \$100, plus 50% on the next \$450, plus 33 1/3% on the remainder to a maximum credit of \$500.



In addition, in any period dating from the writ of an election to four months following Election Day, an individual, corporation or union may make a further contribution not to exceed \$2,000 to each registered political party, and \$500 to any registered candidate's campaign, provided the aggregate contributions do not exceed \$500 for the candidates of any one registered political party, and these contributions would qualify for a further credit to a maximum of \$500 or a deduction of up to \$4,000.

The provincial tax credits for provincial political contributions by individuals closely parallel those established in the federal legislation, and we would propose that they be maintained at comparable levels should the federal tax credits be increased, so that provincial political contributors are not disadvantaged by comparison. Similarly, the amounts deductible should be reviewed to maintain the deduction at a comparable level.

#### DEFINITION OF A CORPORATION

For the purposes of these provisions of the Act, a corporation is defined as one that is considered a corporation for purposes of income tax; corporations deemed to be associated with one another under Section 256 of the Income Tax Act (Canada) are considered to be single corporation for purposes of this Act.

#### DEFINITION OF A TRADE UNION

For the purposes of these provisions, a trade union is defined as a body certified by the Labour Relations Board of Ontario, or by the equivalent federal authority.



### THE CATALOGUING OF RECEIPTS

In order to make the disclosure provisions more effective, however, and to make accountability easier, we recommend that all donations be evidenced by the issue of a receipt in three copies - one to be given to the donor, one to be retained by the party, constituency association or candidate's financial committee, and one to accompany the cheque to the designated bank. Each deposit should be accompanied by a listing of such receipts. The bank will compare the name of the donor as shown on the duplicate receipt with the name of the payor of the cheque, and will compare the receipts to the listing. The listing will be retained by the bank until it is released to the auditor to provide him with a verified list of contributors.

### GROUP CONTRIBUTIONS

Earlier in this Report we have noted that individual and business contributions may be channeled through a non-profit organization, as the Federal Act now allows. Where such a simple expedient exists, limitations on donations are not enforceable.

Against these possibilities the Commission proposes that financial contributions from organizations or groups (other than corporations and unions) be allowed only on the basis of the limitations governing individual contributions; that is, any such organization may donate any amount of money to a candidate or party but the contribution must be made up of individual voluntary donations, all of which must be disclosed and itemized as to source and amount, and all of which, in conjunction with any other contributions the individuals may have made, must be within the limitations set down in the Act. Tax credits would be issued to the individuals if so desired by them.

As an exception to the above, the Commission recommends that employees, union members, or salaried members of any bona fide organization, be



allowed to contribute to a political party through the "check-off" procedure, without regard to and independent of any other political contributions by the participating individuals, provided that:

- their contributions are voluntary, or are made according to the constitutional authority vested in the organization concerned;
- the amount of the check-off is not more than ten cents per month for each contributor.

This practice is a familiar and well-established one, notably with trade unions, and since the individual amounts are nominal the Commission would wish to encourage such a practice rather than inhibit it.

#### CONTRIBUTIONS FROM FEDERAL PARTIES TO PROVINCIAL PARTIES

Obviously, if there are limits to provincial political contributions and none for federal contributions, the possibility exists that political donations may be made to the federal party and all or part of the money re-directed to the equivalent provincial party. The Commission acknowledges the long-standing Canadian practice by which federal organizations have, from time to time, financially assisted their equivalent provincial organizations in election campaigns. (Occasionally, the practice may even be reversed.) While recognizing this, we feel it essential nonetheless to impose reasonable restraints upon these relationships in defense of the reformation of political financing in Ontario.

Therefore, we propose that any financial contributions from federal political parties, directly or indirectly, be disallowed excepting in the period between the writ of a general election and four months after Election Day. During this latter period, financial contributions from any federal party so designated under the Federal Act shall be made only to a registered provincial political party, and shall not exceed, in aggregate, an amount greater than \$100 for each provincial candidate of that party who is a contestant in the election campaign. No amounts may be received directly from a federal party by the financial officer of a



constituency association or by a candidate. In total, then, the financial support of a federal party to a provincial party in an election campaign may not exceed \$11,700, based upon the present number of seats in the Ontario Legislature.

In the final analysis, a political party in Ontario should survive on its own merits and with the support of the people of Ontario. It should not be possible to sustain or establish a party in Ontario by the subsidy of a corresponding federal party or, for that matter, by any political organization or group outside the Province.

At this point, we should note certain unique factors in NDP organizing and financing practices which, we are informed, may also apply to a lesser extent to other parties. The general membership throughout the country of the NDP nominally belongs to both the provincial and federal Party. The Party is organized on the basis of provincial organizations. In Ontario, then, NDP membership is both federal and provincial at one and the same time, and its federal and provincial constituency organizations are, for the most part, identical. As a consequence, contributions to the Party from whatever source may be used to assist either federal or provincial interests.

An individual, for example, may join the NDP by paying an annual membership fee of \$10; half of this amount is assigned constitutionally to the provincial organization, \$2.50 to the federal organization, and \$2.50 to the provincial constituency from which the member has joined. As the Commission proposes, membership fees and the reallocation or breakdown of them are not to be considered a political contribution provided they do not exceed a total of \$10 to a provincial party or constituency organization.

There remains, however, the question of larger individual or corporate donations to a combined federal and provincial treasury of a party and which then may be allocated to various branches of the party organization. As the Commission has said, if we are to inhibit the



redirecting of contributions, and if we are to have the most strict requirements for accountability, monies received and spent by provincial political parties, at whatever level, must be identified as to the source. It would be bootless to attempt to legislate statutory limitations to contributions, which the Commission believes highly desirable, unless it can be assured that all contributions can be identified as to the original donor.

It does not seem to us a great difficulty for the NDP, or for any other party organization whether federal, provincial or constituency, whose financing overlaps because of their organizational structure, to maintain a clear record of contributions as between the federal and provincial organizations without at the same time requiring absolute separation of these organizations.

What is required is an accounting, annually and following a provincial election campaign, of all funds spent by the parties at the provincial level and by candidates at the constituency level, and a reporting of all contributions as to amounts and source.

The problem will surely be simplified to the extent that contributions to the parties are entitled to one or another of the available tax credit provisions, federal or provincial. Thus, there would naturally be a precise record of accounting for funds received by the parties, or the constituencies, which received the benefit of a provincial tax credit.

It stands to reason that funds which have given rise to a deduction or tax credit in the Province should be used within the Province. Ontario taxpayers should not be obliged to support political activities in other provinces or at the federal level, and accordingly we recommend that provincial organizations be prohibited from making any transfers or contributions outside the provincial political system. When any federal organization makes a contribution to a provincial organization, the prior limitations as to the amount of such contributions recommended by



the Commission must be applied, if, as we have stated, both the principle of accountability and the limitations on the size of contributions are to be achieved.

Throughout our deliberations we have kept in mind the essential need of our political parties to finance their activities. Between and among our recommendations for provincial tax credits, the tax check-off, and constituency "recapture" subsidies, it would seem to us that all parties, given some reasonable degree of public support, will have a more than adequate provision for their organizational and campaign requirements.

#### INTER-PARTY CONTRIBUTIONS

No limitations shall be placed upon the financial contributions made by a registered political party to a registered constituency organization, association, or to the registered financial campaign committee of any candidate of that party. Similarly, no limitations shall be placed on the financial contributions made by a registered constituency organization or association to a registered political party, or to the registered financial campaign committee of any candidate of that party. However, records of all such transactions must be disclosed.

#### OUT-OF-PROVINCE CONTRIBUTIONS

No party, constituency or candidate may accept a contribution from any person, corporation, etc. outside Ontario.

#### INCOME TAX CHECK-OFF

In order to finance the parties, we have looked for ways to involve more citizens in the process. We believe the number of contributors can be increased considerably and the parties assisted significantly through an income tax check-off.



The check-off provision should be seen in the overall context of our recommendations. If the process of political financing is no longer to be underwritten by large contributors, ways must be found to increase the number of individual contributors so that the parties may continue to function effectively, proportionate to their support. We believe a mix of the tax check-off, tax credits, and limited public funding in campaigns can combine to achieve this.

We propose that every individual whose provincial income tax liability for the taxable year is \$2 or more be allowed to designate \$2 as a political contribution to any registered provincial political party of the individual's choice.

We anticipate bureaucratic resistance to our proposal, perhaps some of it well-based. Obviously, the check-off creates a further area for taxpayer confusion and makes further demands upon the computers. Further, it seems a jolting precedent to include, in a tax form, the names of political parties. The Americans have abandoned party designation on the tax form and have simply left the taxpayer to check off whether or not he wishes to contribute \$1 to the Presidential election campaign. The money is then aggregated and divided, subject to certain stipulations.

The difficulty with the American approach, in our view, is that it represents a blind contribution and does not allow the donor to designate the party or parties of his or her choice. If the donation as such is not to be designated by the donor and since, in effect, the contribution comes out of public funds, then the check-off is in reality merely an extension of public funding. We feel it important, in any system of tax check-off, that it encourage the individual's voluntary participation in specific party financing.

We remain convinced that the check-off is a worthwhile innovation. Nothing could be more healthy for our party system than an annual gift to each of the parties in the form of voluntary contributions, generated



without cost to the donor and at relatively negligible cost to the public treasury.

#### PUBLIC FUNDING

As we have indicated earlier in this Report, we recommend a form of limited public funding to reimburse qualified candidates for a portion of their election expenses. The purposes and values of such a policy are to help ensure that credible candidates may mount credible campaigns; to relieve the pressing needs upon parties and candidates for campaign funds; and, as well, through our proposals, to give an incentive to candidates to manage their expenditures in the interests of effectiveness and economy and to provide some deterrent to over-expenditure.

We would propose, then, that following the election campaign and submission of the candidate's audited declaration of expenses, the following calculations be made:

- that a candidate who receives a minimum of 15% of the popular vote be reimbursed by the lesser of the audited difference between the contributions he receives and his expenses as disclosed by his return, or \$7,500, with the qualification that any candidate who spends more than the total of 80¢ for each of the first 20,000 electors in his constituency, and 25¢ for each of the remaining electors, shall have his subsidy reduced by \$1 for each \$2 by which he exceeds such total. (In the case of candidates from Cochrane North, Rainy River, Kenora and Thunder Bay, the amount of this total and of the possible subsidy will each be increased by \$2,500, in consideration of the higher transportation costs involved in these geographically very large ridings.)

It is clear from this that the more the candidate spends in an election campaign beyond a certain limit, the less his subsidy from the public treasury. The less the candidate spends, the greater is the proportion of reimbursement in relation to his overall expenditures.



### LENGTH OF THE ELECTION CAMPAIGN

Given some form of permanent preliminary voters' lists for provincial and municipal elections, it would then be possible to shorten the election period by one week. If this can be done, we would propose that the number of days from the writ of election to Election Day be reduced from 37 to 30 days.

### CAMPAIGN MEDIA ADVERTISING

Within the length of the election campaign of whatever duration, we would further limit the period during which political advertising in the media would be allowed. We recommend that such advertising be banned, except during the 21 days preceding the day before the election.

The exceptions to this limitation of 21 campaign days for political media advertising would be constituency advertising for party nominating conventions, any form of promotion by candidates seeking nomination, the advertising of public meetings in constituencies, announcement of constituency headquarters locations, voter services offered by constituency organizations with respect to enumeration and revisions, and any other matter applying strictly to the administrative functions of constituency organizations.

### CAMPAIGN SPENDING

In this Report, we have proposed sweeping changes in existing practices with respect to party and election campaign financing. Because this is so, it may be difficult, on first reading, to maintain an overview of the Report so as to have an awareness of its overall implications.

This should be said, at this juncture, as we approach the question of spending limitations for the parties in election campaigns. After



protracted and earnest debate and discussion, it is our conclusion that we recommend no limitations on spending at either constituency or provincial levels.

Given acceptance of the recommendations already made, it is evident that the parties will be effectively limited by certain governing factors:

- in that the overall period of election campaigns will have been reduced from not less than 37 days, as in the present Act, to 30 days;
- in that we have proposed that the time period during which political advertising is allowed be reduced from the present minimum of 37 days to a maximum of 21 days. Since media advertising has now become the largest single expenditure in election campaigns, the effect of this shortened period for such advertising should result in a reduction in overall spending;
- in that we have also proposed a formula for the partial public funding of candidates' campaign expenditures which provides an incentive to candidates to keep their budgets within certain limits;
- and, additionally, in that we have proposed rather stringent limitations upon the size of allowable political contributions which, we suggest, will also tend to keep campaign budgets within sensible bounds.

Finally, we have emphasized the importance of public disclosure of campaign contributions and reporting of election expenditures. We believe these will become, as they are enforced, in themselves an encouragement for greater prudence and economies in party spending. In any event, the public will know how much money has been spent, by whom, and where it was spent. Our recommendations, we believe, will provide the most thorough and comprehensive a system of accountability of any comparable system now in practice.



There are great difficulties with the enforcement of ceilings on expenditures, as we have indicated. Certainly, in any existing examples of such attempts before us, it seems certain that margins of error must be allowed, leading inevitably to permissiveness and then to inevitable carelessness and indifference. The enforcement of spending ceilings requires exacting reporting standards and thorough auditing, and demands of constituency organizations a competence that few of them in fact can be assumed to have.

These, then, are among the reasons, after much deliberation, why we have found it to be the greater wisdom not to recommend that spending limitations be placed upon the parties and upon candidates. Instead, we have given greater emphasis to disclosure, to limitations on individual contributions, and to other sanctions which will, overall, tend to discipline and restrain excessive spending by those involved in the political process.



## DISCLOSURE

### AMOUNTS

All contributions made to a political party, constituency organization or association, or to a candidate's campaign amounting to \$100 or more, must be disclosed as to the amount and the source. The source and amounts of all individual contributions which compose a group contribution, as discussed earlier, must be disclosed. Any political contribution or aggregate contribution in excess of \$10 must be recorded and, where any such contributions from any single source aggregate \$100 or more, such contributions must be disclosed.

An exception to this, however, is the payment of annual membership dues in a political party, constituency organization, or both, provided the total of such dues does not exceed \$10 per person. The parties and organizations collecting such dues must maintain membership lists corresponding to the income coming from membership fees.

### CASH AND OTHER CONTRIBUTIONS NOT IDENTIFIABLE AS TO SOURCE

We have described earlier our proposal that banks and other financial institutions accepting deposits would be required to compare the name of the payor with the name on the receipt. If this check is to have any meaning, it will be essential that any contributions be capable of being identified with the contributor. Accordingly, it will be necessary to restrict the receipt of donations to cheques, or to money orders bearing the name of the payor. Donations in the form of cash, or other property such as securities, as well as cheques drawn on numbered accounts or trust accounts, would not be permitted. Funds received as memberships, or for social events not treated as contributions, could be received in the form of cash.



### FUND-RAISING DINNERS AND SOCIAL EVENTS

The parties and constituency organizations shall record and report the gross income and ticket sales from fund-raising dinners. Half of the sale price of each ticket shall be deducted and allowed for expenses; the remaining half of the sale price of the ticket, where such an amount exceeds \$10, shall be considered as a political donation and disclosed as such. Similarly, income derived from social events, such as suppers, dances, garden parties, and the like, shall be disclosed, but where charges for such functions do not exceed \$10 for each individual purchaser, such will not be considered a donation for the purposes of the Act.

Where the charge for a fund-raising function is treated as including a donation, the rules concerning political donations will apply (e.g. issuance of receipts, use of cheques only, etc.), and the half of the charge treated as a donation will qualify for tax credit, or deduction, as the case may be.

### LOANS

No person, group of persons, corporation or association may sign, co-sign, or provide collateral responsibility for any loan, monetary obligation, or indebtedness on behalf or in the interest of any political party, or constituency organization or candidate's campaign; nor may any political organization, as defined in the Act, accept any contribution from any person, corporation, or non-profit organization in the form of a loan, other than from a registered political party or constituency organization.

The designated Chief Financial Officer of a political party, constituency organization, or candidate's campaign committee, may borrow from any chartered bank or other recognized lending institution provided



all such loans, and the terms of such loans, are disclosed.

#### CONTRIBUTION OF GOODS OR MATERIALS

The contribution of goods or materials of any kind, other than goods and materials produced by voluntary, unpaid labour (such as hand-made or assembled political posters, signs, or other graphic materials, or foods and beverages prepared by private persons), and having a commercial retail value of more than \$25, shall be reported as a political contribution for the purposes of the Act.

#### FURTHER CONSIDERATIONS

As a Commission, we have considered the implications of our proposals as they might be applied to party leadership campaigns, contested constituency nominations, and with respect to municipal campaigns.

As for leadership campaigns, it has seemed to us that since these are waged principally within the party and primarily among convention delegates, as well as for other practical reasons, we would not recommend that such campaigns be within the scope of our recommendations. Such contests are, to a considerable degree, personal rather than party in nature and their costs run rather more to delegate entertainment than public enlightenment. It is more the concern of the Commission to focus its recommendations on the financing of election campaigns and the raising and spending of funds for party purposes between these campaigns.

It may well be, if such reforms as our Commission now proposes become entrenched in the system, that candidates for party leadership or for constituency nominations may feel an obligation to disclose the sources of their financial contributions and to maintain their contributions within the ceilings set for the parties. If that be so, so much the better.



The question of financing of municipal campaigns is beyond the purview of this Commission. In any event, the parties are not often visibly involved and, when they are, party loyalties are frequently blurred if they do not actually overlap, combine, or conflict. Nevertheless, the Legislature does bear responsibility for the municipalities. It is conceivable, and may be desirable, that the Legislature would at some time impose provisions for financial disclosure and for statutory limitations on contributions to candidates for municipal office.

#### FOUNDATION TO HOLD PRESENT ASSETS

The thrust of the Commission's recommendations is that controls over political financing in Ontario should be aimed at preventing abuses in the fund-raising process through limitation of contributions from any one donor and through disclosure of donations. In order to become eligible to receive financial assistance, issue receipts for tax credit purposes, and receive tax check-off payments, political parties will be required to register with the Commission on Election Expenses and file financial statements disclosing their financial position. Because the financial resources of a party at the start of the system will be the result of financial activities prior to the introduction of the new rules, the requirement to disclose all financial data at the start could be considered retroactive.

Political parties will, therefore, be entitled to establish a foundation prior to the coming into force of the Act, into which assets could be placed subject to a number of restrictions:

- all of the assets of the foundation would have to consist of deposits with Canadian chartered banks or other financial institutions;
- income could only be in the form of interest on such deposits and, after the coming into force of the Act, the foundation would not be permitted to receive funds or property from any person or party organization;



- the foundation would submit an audited report for each year and for each election period setting out its disbursements, if any, and stating that it had received no funds or assets from any source other than interest on its deposits.



### AUDIT REQUIREMENTS

The proper keeping of records of financial transactions and the submission of properly audited returns are essential to accommodate the spirit of the Act. But to do so assumes an auditing and accounting capability at the constituency level. Since we have valid doubts that such expertise readily exists in many constituencies, it will be the responsibility of the Commission charged with enforcement of the Act to ensure that the capability is provided where it is not found by the constituency organization.

With respect to the audit function, we recommend that each registered political party and registered constituency organization or association be required to file an audited financial statement with the Commission not more than four months after the end of each calendar year, unless the party or constituency organization or association has only become registered within four months of the end of the calendar year, in which case the financial statement filed at the time of registration will be deemed to fulfil this requirement.

A political party shall file with the Commission within four months after Election Day an audited statement of its receipts and expenditures in the course of the general election campaign; and the names and addresses of all persons, corporations, or non-profit organizations, who have made contributions of \$100 or more during the period of the election campaign dating from the day of the writ of the election until three months after, which are deemed political contributions to the political party for the campaign.

Should the Commission require any further information, documentation or records not contained in the audited statement filed by a political party, the political party will be obliged to provide the information within twenty-one days of formal notification by the Commission, or



submit within that period of time written explanation or clarification of the matter in question.

The Chief Financial Officer of a registered constituency organization or association, or of a registered candidate's financial committee, shall accept the responsibility for ensuring that:

- proper records are kept of campaign receipts and expenditures;
- no contribution is made to the candidate's financial committee that is not made by a written instrument identifying the donor;
- a statement of the financial committee of all receipts and expenditures is filed with the Commission no later than four months following Election Day;
- to the extent possible, the statement referred to in the preceding paragraph is audited and reported on by an independent auditor.

No public subsidy may be paid to a candidate's financial committee where otherwise entitled unless the committee has filed an audited statement of its receipts and expenditures with the Commission, and such statement has satisfied the requirements of the Act in the judgment of the Commission.

Where the candidate's financial committee's audited statement shows a deficit, and where the candidate qualifies to receive public subsidy, the financial committee must make no disposition of such public subsidy other than for the discharge of its debts.

Where the financial committee's audited statement shows a surplus, with the subsidy as a consideration or otherwise, the candidate must direct the disposition of the remaining funds in the account of his financial committee to either the benefit of any registered political



party, or any registered constituency association or organization, or among them.

No candidate's financial committee may exist for the purpose of soliciting or receiving political contributions before the writ of a general election, or by-election, or for more than four months following Election Day, other than by the written permission of the Commission. This in no way limits the degree to which a candidate may be financially assisted by the on-going constituency organization.

Any candidate whose financial committee fails to file an audited statement with the Commission may not be a candidate for provincial office in any future election. The financial committee of any candidate declared elected must file an audited statement. Should this not be forthcoming, the Commission shall inform the Speaker, who shall notify the House, and there being in the judgment of the Legislature no mitigating reason for non-compliance, the Member then may not resume his seat until such time as the statement is filed with the Commission, notwithstanding other penalties for failing to comply which may be invoked.

Our discussions with the Institute of Chartered Accountants (Ontario) indicated that they would be ready to co-operate in assuring that auditing services are available to all candidates.

As a Commission, we see the audit function as an integral part of our over-all proposals. We therefore recommend that, prior to the drafting of legislation, further consultations be held with the Institute of Chartered Accountants (Ontario) with a view to appointing a chartered accountant, qualified to assist Legislative Counsel.



## PENALTIES

The Election Act, 1968-69, which was amended in 1971, sets out offences and penalties for abuses of the Act. As a result of proposals made in this Report, it will be necessary to identify additional offences and recommend penalties for registered parties, registered constituency organizations, candidates, corporations and individuals who contravene the Act.

The Commission recommends the following penalties:

### REGISTERED POLITICAL PARTIES

Officers of registered political parties who concur in a contravention of the Act, are guilty of an offence; and on summary conviction will be liable to a fine of not more than \$2,000.

### REGISTERED CONSTITUENCY ASSOCIATIONS

The Chief Financial Officer of a registered constituency association will be held responsible for offences against those sections of the Act dealing with financial provisions; and will, on summary conviction, be liable to a fine of not more than \$1,000.

### CANDIDATES

Candidates found guilty of an offence against the Act will, on summary conviction, be liable to a fine of not more than \$1,000, and will in addition, or as an alternative, be liable, for a wilful contravention, to imprisonment for a term of not more than six months.



CORPORATIONS

Corporations found guilty of an offence against the Act will, on summary conviction, be liable to a fine of not more than \$10,000.

INDIVIDUALS (Other than those referred to above)

All individuals found guilty of an offence against the Act will, on summary conviction, be liable to a fine of not more than \$1,000.



A P P E N D I X

ONTARIO COMMISSION ON THE LEGISLATURE

THIRD REPORT



*Institute of Environmental Research Inc.*

THE PUBLIC'S PERCEPTIONS  
OF THE MPP IN  
ONTARIO

ELECTION CAMPAIGN EXPENDITURES  
AND CONTRIBUTIONS

MAY, 1973

David Hoffman  
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## ELECTION CAMPAIGN EXPENDITURES AND CONTRIBUTIONS

### (a) Campaign Expenditures

In order to try to ascertain the general public's perception of the level of campaign expenditure deemed appropriate in Ontario\* we plied respondents with two questions: the first asked them, simply, to suggest the amount they considered appropriate for a party to spend at the time of the 1971 provincial general election; the second suggested a specific level of campaign expenditure in the same election -- \$5 million -- and asked whether this was considered to be "too little, about right or too much for a party to spend." Even though we offered a guideline for estimating a figure in the "open-ended" question by reminding the respondent that "there were about 4 million electors in Ontario at the time of the 1971 provincial general election," we were not surprised that the vast majority of respondents were unwilling or unable to suggest an amount that "a political party would be justified in spending in order to try to reach the electorate." Indeed only 26% of the respondents ventured an opinion on the question. (The results are reported in Table III-1.) Because of the relatively small number of respondents expressing an opinion, one must be careful not to talk about acceptable levels of expenditure on the part of the general public; but among those who did have an opinion the largest number favoured a level of expenditure of under \$500,000! The second largest group (some 7% of the entire sample) favoured a level of expenditure limited to between \$1 and 3 million; a tiny fraction (1%) were prepared to see expenditures rise to more than \$11 million. Estimates of the appropriate level did not vary significantly by level of education of the respondent, although the less educated were less inclined to express an opinion. Obviously there is not much in the way

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\*See Appendix C for a presentation of the public's assessment of the relative importance of several factors for helping them to make up their minds how to vote, most of which cost the parties a considerable amount of money in campaigns.



of constructive guidance here from the Ontario public: on the "open-ended question" most respondents simply were not able to express a point of view.

TABLE III-1

ESTIMATES OF THE AMOUNT "A POLITICAL PARTY WOULD BE JUSTIFIED IN  
SPENDING" IN AN ELECTION CAMPAIGN\*  
(percentages)

DK/NA	74
less than \$500,000*	9
\$500,000 - \$999,999	2
\$1,000,000 - \$2,999,999	7
\$3,000,000 - \$4,999,999	4
\$5,000,000 - \$6,999,999	1
\$7,000,000 - \$8,999,999	0.5
\$9,000,000 - \$10,999,999	1
\$11,000,000 and more	<u>1</u>
Total	100

\*the coding categories were created from the responses; they were not suggested to respondents beforehand.

The public's viewpoint came through most clearly in the answers to the question of whether \$5 million was an appropriate amount to spend on the 1971 election campaign, although, again, the number of respondents with no opinion was quite high (23%). Nevertheless, the majority of respondents (59%) when faced with a specific amount to react to did so, and indicated in no uncertain terms that they found the expenditure too great.



TABLE III-2

RESPONSES TO THE QUESTION OF THE APPROPRIATENESS OF A PARTY  
SPENDING \$5 MILLION ON THE 1971 PROVINCIAL  
ELECTION CAMPAIGN  
(percentages)

too little	2
about right	13
too much	59
DK/NA	<u>23</u>
Total	97
N =	1108*

\* asked only of respondents who did not answer the previous open-ended question.

Indeed if we combine (a) those who placed the limit of the amount a party would be justified in spending at less than \$5,000,000 (in response to the open-ended question) with (b) those who said that \$5,000,000 was too much for a party to spend (in answer to the specific question) we find some 66% of the entire sample of Ontarians thought that such an expenditure would be too much. However, the survey did not ask whether parties' campaign expenses should actually be limited. We therefore do not know for certain whether those who would regard such an amount as excessive would be willing to see a party's campaign expenses prevented from becoming that high.

(b) Should the Provincial Government Subsidize Election Expenses?

We did try to discover the public's reaction to the idea of a partial, public subsidy to political parties to help cover their campaign expenses. No indication of the amount of the subsidy was implied; rather the respondent was told that "in two provinces the election expenses of all political parties are partly paid for from government revenues." He was then handed a card on which the following



two statements appeared:

- A. In Ontario, the expenses of political parties in provincial elections should be paid from contributions by individuals, corporations and unions as has been the practice.
- B. In Ontario, the expenses of political parties in provincial elections should be paid partly from government revenues and partly from other sources.

People were then asked to say "which of these statements comes closest to what you think we ought to be doing in Ontario provincial elections?" The results indicated that while the majority (55%) favoured subsidy, a fairly substantial minority (36%) were opposed. Relative to some of the other matters on which opinions were sought in our survey this was a question on which a large number were willing to express an opinion (DK and NA = 9%). It was also a question on which there did not appear to be major differences of opinion between various social groups.\* In fact, the only variable associated with differences of opinion in the matter was the experience of the respondent as a contributor himself to political parties (see Table III-3): regular contributors were a little more inclined to support the notion of a government subsidy, but the difference between these respondents (only a tiny fraction, 5%, of the sample anyway) and those who never contribute (81% of the sample) was only slight; actually the differences between the regular contributors and those who sometimes contribute were somewhat greater. Our general interpretation is therefore that the association between contribution record and opinion on the question was weak to non-existent.

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\*Bivariate tables using education, family income, age, and occupation showed no significant differences, with two minor exceptions: opposition to the idea of government assistance to the parties was unaccountably greatest among those in "sales" occupations and, interestingly, also greatest among the 18 to 20 age group.



TABLE III-3

SUPPORT FOR GOVERNMENT SUBSIDY OF ELECTION EXPENSES BY  
RESPONDENT'S RECORD AS A  
CONTRIBUTOR TO A PARTY OR CANDIDATE  
(percentages)

	<u>Regular contributor</u>	<u>Sometimes contribute</u>	<u>Never contribute</u>	<u>Total Sample</u>
Should be paid as in the past	28	47	35	36
Favour govern- ment assistance	60	49	56	55
DK	7	4	8	7
NA	<u>5</u>	<u>0</u>	<u>2</u>	<u>2</u>
Totals	100	100	101	100
N =	72	190	1218	1500

(c) Should there be a Maximum on Contributions by Individuals, Trade Unions, and Business Corporations?

We have just noticed that the number of respondents who regularly contribute to political parties was small. This comes as no surprise, of course; party activists know it only too well and surveys have shown it before as well.\* It is worthwhile, however, to examine briefly the characteristics of those who regularly or never contribute, since we might expect some connection between the experience of contributing and attitudes towards limiting contributions.

The relationship between certain social characteristics and regular contributions to political parties was fairly predictable: the better educated (see Table III-4) were somewhat more inclined to be regular

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\*See Committee on Election Expenses, Studies in Canadian Party Finance, Ottawa, 1966, pp. 46-56.



contributors and the least educated were the least inclined to contribute. Similarly above average levels of contribution occurred among those with yearly family incomes above \$18,000 (15%), professionals, farmers and middle aged.

TABLE III-4

RECORD OF CONTRIBUTION TO POLITICAL PARTIES OR CANDIDATES BY  
EDUCATION LEVEL OF RESPONDENTS

(percentages)

	<u>up to</u> <u>grade 4</u>	<u>up to</u> <u>grade 8</u>	<u>up to</u> <u>grade 10</u>	<u>up to</u> <u>grade 13</u>	<u>some</u> <u>univ-</u> <u>ersity</u>	<u>completed</u> <u>university</u>
contribute regularly	5	3	5	4	5	12
contribute occasionally	8	10	13	12	18	19
never contribute	80	85	81	84	77	69
DK/NA	<u>7</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>
Totals	100	101	100	101	100	100
N =	42	311	294	538	159	148

As for the main question of whether a maximum should be established for contributions to political parties, as Table III-5 reveals, the public were quite divided on the question, as far as individual contributions are concerned, although a majority favour maxima for trade unions and business corporations.



TABLE III-5

RESPONSES TO IDEA OF SETTING MAXIMA ON CAMPAIGN CONTRIBUTIONS BY  
INDIVIDUALS, TRADE UNIONS AND CORPORATIONS  
 (percentages)

	<u>For Individuals</u>	<u>For Trade unions</u>	<u>For Business Corporations</u>
favour maximum	46	57	55
oppose maximum	47	32	36
DK	6	9	8
NA	<u>2</u>	<u>2</u>	<u>1</u>
	100	100	100

(N = 1500 throughout)

Before looking at the three types of contribution individually we can obtain a picture of the public's responsiveness to the idea of limitations (or setting maxima) in general by creating an index based on responses to all three questions: we can then rank respondents from those who favour maxima in every case suggested through to those who oppose the idea of establishing maxima in every case. We may then attempt to discover whether one's position on the issue is related to any social characteristics.

Although there was no association between the respondent's level of family income and his position on the question of contribution there was a small difference associated with another social status variable, namely level of education. In this case, however, the pattern was not fully established, for while it was true that university-educated respondents (56%) were considerably more inclined to support maxima in all three areas than were the less educated (only 29% of the lowest level group) the differences did not appear significantly for the



category of complete opposition to maxima. Age differences were generally insignificant, although the 18 - 20 year olds were notably less prominent (only 30%) among the respondents favouring maxima across the board. Nor were there significant differences between men and women or between the native born and foreign born. The most significant differences to emerge were (1) those associated with the respondent's region and (2) those associated with the respondent's record of contribution to political parties. Those who described themselves as regular contributors to political parties or candidates were significantly more inclined than the rest to favour across the board maxima (63% as compared to 43% for the sample as a whole), and those who lived in the North were significantly less inclined to support the idea (only 30%).

We may now turn to the individual questions. Some of the relationships become stronger when the components of the index are disaggregated, but the basic relationships established hold, i.e. those who regularly contribute to political parties (disproportionately those respondents with the highest levels of family income, those in the professions and those with the highest levels of education) are most in favour of establishing maxima for individuals, trade unions (even stronger) and corporations.

Although for most of the sample age did not appear to be associated with opposition to a maximum, in every case the 18 - 20 year olds were significantly more opposed to establishing maxima. Even in the case of corporations, on which only 36% of the sample as a whole was opposed to a maximum contribution, fully half of the 18 - 20 age group was opposed to a maximum.

As already intimated occupational differences in the pattern of response emerged with those in the professions being considerably more inclined to see maxima established in all areas. Unskilled labourers also revealed an interesting pattern of responses: although



in respect to maxima for individuals and corporations unskilled workers did not differ substantially from the sample as a whole, with respect to establishing maxima on trade union contributions this group -- a large proportion of whom are undoubtedly not unionized -- were opposed (41%). The skilled labourers (most of whom would be unionized) did not differ significantly from the sample as a whole (33%).

We have already seen that the respondent's record of contribution to political parties was quite strongly related to the index of support for maxima: it should not be surprising, therefore, to see that this relationship held for each of the areas in question, and with almost equal strength in each case (19 percentage points above the sample average in the case of favouring a maximum on individual contributions and 18 percentage points and 14 percentage points respectively with regard to support for maxima for trade union and corporate contributions).

Since several social characteristics appeared to relate to the question of favouring a limit on individual contributions, we attempted to sort out some of the relationships still further by executing a complex multivariate analysis in which we controlled for level of income, level of education and record of contribution simultaneously. Unfortunately the number of respondents who fitted the category of regular contributors was so small that subsequent breakdowns by other characteristics soon produced too few cases to be certain of the findings. However the general impression -- statistically significant in the case of distinctions between levels of income within a group of respondents who never contribute -- is that level of education was not associated with position on the issue, and that level of income was only associated with differences among those who regularly contribute: it was only among the highest income - regular contributor respondents that support for a limit on individual contributions went considerably above the sample average (73%).

The figures for the population's attitude towards a maximum for



individual contributions must be seen in the light of these more detailed analyses, the main conclusion being that nearly three quarters of the people most likely to contribute to parties favour a limit. The opposition to the idea comes disproportionately from those who never contribute anyway.

(d) What Should the Maximum Contribution Be?

(i) Individual Contributions

We must begin by recalling that some 57% of the respondents were not asked the question of "the maximum that they thought an individual should be allowed to contribute to a political party" because they had either disagreed with the idea of a maximum in the previous question or had been unwilling or unable to express an opinion. In addition, a further 10% declined to answer the question about the maximum individual contribution. The data on perception of an appropriate maximum comes, therefore, from less than half the sample.\*

Table III-6 presents the proportions of the subsample who mentioned the various maxima listed.

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\*In contrast with the open ended nature of the question dealing with the appropriate level of a party's election expenses, this question was structured: respondents were given a choice of categories of response ranging from \$25.00 at the lowest and to \$50,000 at the top. The nine choices of maximum were presented on cards which the interviewer handed the respondent.



TABLE III-6

RESPONSES TO SUGGESTED MAXIMUM AMOUNTS THAT AN INDIVIDUAL SHOULD BE  
ALLOWED TO CONTRIBUTE TO A POLITICAL PARTY

	<u>%</u>	<u>n</u>
\$25.00	13	73
\$100.00	18	95
\$500.00	19	101
\$1000.00	15	83
\$2000.00	6	33
\$5000.00	12	66
\$10,000.00	10	54
\$25,000.00	3	18
\$50,000.00	<u>3</u>	<u>16</u>
	100	541

We may note that although a few respondents are prepared to contemplate a maximum as high as \$50,000, most of the respondents favoured a maximum of less than \$1000 - in fact the median response was the \$1000 maximum.\*

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\*The median which is a measure of the position of the middle case in a sample (or subsample in this case) is a more appropriate measure of the character of the distribution of responses than the mean (since the meaning of an average of a number of differently intervalled maxima is obscure); the mode, the largest single response category would be almost as meaningful as the median with these data.



Partly because of the fact that we are dealing with a subsample in any case, but mainly because we have seen that the respondents' record of contributing to parties appears to be most strongly related to attitudes towards a maximum, we have not tried to discover the extent of differences in the perceptions of the appropriate maxima according to a number of social characteristics of the respondent; rather we have focussed simply on whether or not the respondent had contributed to political parties. A comparison of the median ranking of the maximum amounts considered appropriate showed that there was no significant difference between regular contributors and those who never contributed at all: the median in each case fell within the \$500 range, although the median response for those who occasionally contributed fell just within the \$1000 rank.

(ii) Contributions of Trade Unions and Business Corporations

A similar analysis can briefly be presented with respect to the amount people felt that trade unions and business corporations should be allowed to contribute to political parties. It must be pointed out that although most people thought that maxima should be applied to the contributions of trade unions and business corporations, most were also unwilling or unable to state a maximum allowable contribution. The subsample on which these figures are based, in Table III-7 is not substantially larger than was the case with individual contributions - less than half the entire sample of respondents.



TABLE III-7

SUGGESTED MAXIMUM AMOUNT THAT TRADE UNIONS AND BUSINESS CORPORATIONS  
SHOULD BE ALLOWED TO CONTRIBUTE TO A POLITICAL PARTY

	<u>Trade Unions</u>		<u>Business Corporations</u>	
	<u>%</u>	<u>n</u>	<u>%</u>	<u>n</u>
\$100	9	57	7	44
\$500	11	68	10	57
\$1000	16	96	12	70
\$2000	9	55	8	46
\$5000	18	108	21	124
\$10,000	18	110	19	113
\$25,000	11	70	12	72
\$50,000	4	27	10	54
\$100,000	<u>2</u>	<u>12</u>	<u>3</u>	<u>18</u>
	100	603	100	600

A comparison of the figures showed a slight tendency for more people to set a higher maximum level of contribution for corporations than for trade unions, but the median level emerged at \$5000 in each case! The fact that \$5000 also represented the mid-point in the nine point scale suggests that the perception of maximum is an artifact of the particular amounts that we offered the respondent to react to;\* a different set of figures beginning or ending lower might have produced a different picture altogether. All one can say from these data is that not many respondents who expressed an opinion on the subject appeared to favour contributions in excess of \$10,000, by either trade unions or business corporations.

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\*Notice that the lowest category in both cases -- in contrast to individuals -- was \$100, and the highest amount offered for a response was \$100,000.



(e) How do People Feel About Disclosure?

One matter of considerable importance was the question of attitudes towards disclosure of contributions. Because the subject was rather complex we asked respondents to react to four statements which attempted to capture the possible variations in response to the question. The question and the proportions selecting the different responses were as follows:

If you were to make a contribution to the campaign expenses of the political party of your choice, how would you feel about disclosure, i.e. making the information available to the public? Please tell me which of the following comes closest to what you think?

- |   |     |
|---|-----|
| A. I would agree to disclosure of the amount of the contribution but not my <u>name</u> .....             | 12% |
| B. I would agree to disclosure of my <u>name</u> but not the <u>amount</u> of the contribution.....       | 9%  |
| C. I would agree to disclosure of both my <u>name</u> and the <u>amount</u> of the contribution.....      | 32% |
| D. I would not agree to disclosure of either my <u>name</u> or the <u>amount</u> of the contribution..... | 39% |
| DK/NA   | 8%  |

On the face of it there is a good deal of opposition to disclosure, but the picture becomes a good deal clearer if the sample is broken down according to the social characteristics of respondents. The interactions, are, however, rather complex.

Most fundamentally, a majority (60%) of those who were regular contributors to parties favour disclosure of the name and amount of the contribution and only 17% of that group favoured disclosure of neither name nor amount; the bulk of the opposition (41% and 35%) came from those who never or only occasionally contributed. Support for disclosure



was also associated with higher levels of income\* and education, and sex, men being better disposed to disclosure than women. Multivariate analysis showed that these variables tended to interact with one another. For example, as shown in Table III-8, support for disclosure of both name and amount is linearly related to contribution record, but within each category of "regular", "occasional" or "never" contributor, support for disclosure is higher still for those respondents in the highest income groups (defined as family income above \$15,000). Level of education tended to further reinforce support for disclosure so that in most cases the university educated were still more favourably disposed to revealing name and amount of contribution;\*\* opposition to disclosure centred among the low income respondents with less than university education, roughly 44% of whom were opposed to disclosure of either name or amount. This group, it hardly needs to be said, has not been identified as contributors in any case.

In summary, we may observe a consistent pattern in nearly all the data having to do with campaign contributions and expenses. Those who have the best record of contribution themselves are most sympathetic to the ideas of a government partial subsidy to a party's election expenses, the establishment of maximum levels of contribution from individuals, trade unions and corporations, and are most inclined to

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\* The highest support for disclosure came from the professional occupational group, the one most likely to contribute regularly.

\*\* This was true among those who occasionally contributed and never contributed. The number of cases of regular contributors was, once again, too small to be certain of the multivariate relationships. The interaction of sex and education with disclosure was curious: among both men and women in the middle education group (grades 11 to 13) there were no differences in responses to the question, but among the lowest education group sex differences were present (only 19% of the women in the group favoured disclosure of both compared to 33% of the men). Highly educated men were also slightly more inclined to favour disclosure than highly educated women. Perhaps it was the experience of contributing which helped to account for these differences, but we were not able to check this hypothesis, because of the small subsample sizes that would result.



TABLE III-8  
SUPPORT FOR DISCLOSURE OF AN INDIVIDUAL'S CAMPAIGN CONTRIBUTION, BY INCOME  
AND CONTRIBUTION RECORD OF RESPONDENTS

Support Disclosure of:	AND CONTRIBUTION RECORD OF RESPONDENTS					
	Low Income Regular Contributor	High Income Regular Contributor	Low Income Sometimes Contributes	High Income Sometimes Contributes	Low Income Never Contribute	High Income Never Contribute
amount/not name	12	4	10	10	12	13
name/not amount	18	21	15	6	9	10
name and amount	54	61	34	50	30	37
neither name nor amount	17	15	37	34	40	36
DK/NA	0	0	3	0	9	5
Totals	101	101	99	100	100	101
N =	31	27	123	30	817	162



support the idea of disclosure of both the name of the contributor and the amount of the contribution. Implementation of such programmes would, therefore, have considerable support from those most affected.

### SUMMARY

1. The tabulations presented in this report are based on a weighted sample of 1500 respondents. There were actually 1540 interviews conducted between January 6 and February 6, 1973, but the result of weighting to compensate for the effect of certain groups -- particularly young males -- not being at home at the time the interviewer called reduced the N in tables to 1500. This is a large sample, capable of yielding reliable conclusions about the attitudes of Ontario respondents. (In no case was the difference between weighted and unweighted tables larger than 2%).

2. Our report focused on three major topics:
  - (a) the public's awareness of the work of the MPP (Section I);
  - (b) the public's assessment of the MPP's remuneration (Section II);
  - (c) attitudes towards campaign expenditures and contributions (Section III).

Other variables -- mainly the socio-economic characteristics of the respondent -- were related to these factors in order to try to discover the extent to which opinion varied significantly from one part of the community to another.

3. With regard to election campaign expenditures the clearest evidence is as follows:

- (a) Not many people have an opinion "off the top of the head" about what constitutes the level of spending a political party would be justified in undertaking in an election campaign; on the other hand 66% of the



sample thought that \$5 million was too much for a party to spend.

- (b) There is support for partial government assistance to campaign expenses and support for the idea is strongest among regular contributors to election campaigns.
- (c) A majority favour maxima on campaign contributions by trade unions and business corporations, but the public are divided over a maximum on individual contributions, although support for the idea is strong among those who actually have been contributing to parties.
- (d) Although a great many people did not express an opinion on the appropriate amount that maximum contributions should be set at in the three cases, the median level was \$1000, \$5000 and \$5000 for individuals, trade unions and corporations respectively.
- (e) Although the largest proportion of the sample as a whole opposes disclosure of either the name or the amount of an individual's campaign contribution, the majority of regular contributors to parties favour the idea of disclosure.

4. Implementation of reforms in the entire area of party expenditures and campaign contributions would appear to have the support of the most politically attentive people in Ontario.



# APPENDIX C

## IMPORTANCE OF VARIOUS CAMPAIGN ACTIVITIES

In order to try to discover the public's perception of the relative importance of several campaign activities we asked the following question. The responses (in % of the total sample) are set out for each.

Thinking now of provincial elections, we would like to know what things have been important in helping you to make up your mind how to vote. When I read each one please say whether you think it has been very important, somewhat important, or not at all important in helping you to make up your mind how to vote in provincial elections:

	<u>Very Important</u>	<u>Somewhat Important</u>	<u>Not at All</u>	<u>Don't Know</u>	<u>No Answer</u>
(a) free-time party broad- casts on TV .....	24	38	35	1	2
(b) election reports on radio, TV and in news- papers .....	34	41	21	2	2
(c) lawn signs for candidates .....	5	19	72	2	2
(d) party literature handed in at your door by a canvasser .....	20	38	39	2	2
(e) conversations with friends .....	25	41	31	2	2
(f) brief commercials for a political party on radio .....	9	36	51	2	2
(g) party ads in newspapers .	12	39	45	2	2
(h) party sponsored TV programmes (15 min.) ....	28	34	35	2	2
(i) party literature received through the mail .....	15	42	40	2	2
(j) brief commercials for political party on TV .....	11	35	49	2	2



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BRIEFS

The Commission has received a number of briefs. Those listed below deal, at least in part, with the subject of this Report.

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Canadian Federation of University Women

Hamilton West Liberal Association





